

House Defeats Amendment to Strip Adler's Small Business Protection from Wall Street Reform Bill

Washington, D.C. - Today, the House defeated an effort to strip Congressman John Adler's bi-partisan, small business amendment from the Wall Street Reform and Consumer Protection Act by a vote of 153 to 271. Congressman Adler's amendment, which passed the House Financial Services Committee in November, will maintain the exemption for certain small businesses from cost prohibitive regulations by amending section 404(b) of the Sarbanes Oxley Act.

"Burdensome regulations on small businesses hurt our economy," said Congressman John Adler, a member of the House Financial Services Committee. "As our economy begins to rebound, allowing small businesses to grow is crucial. This reform will help keep and create jobs for hard-working Americans."

Under direction from the Securities and Exchange Commission (SEC), small businesses have been exempt from section 404(b) for the past seven years. The exemption expires early next year and Adler's amendment will provide stability and predictability for these businesses by permanently exempting them from these costly regulations.

Background:

Congressman Adler's language will exempt non accelerated issuers, or small businesses with a market capitalization of \$75 million or less from Section 404 (b) of the Sarbanes Oxley Act. It only exempts small companies from complying with this one particularly costly subsection of Sarbanes Oxley while maintaining investor protections by requiring them to continue complying with the rest of the statute.

In addition, it asks the Securities and Exchange Commission (SEC) and Government Accountability Office (GAO) to conduct a study to determine how the SEC can reduce the burden of complying with Section 404(b) while maintain investor protections for companies whose market capitalization is between \$75 and \$250 million. In the study the SEC and GAO will also consider whether reducing the compliance burden or a complete exemption for these companies will encourage them to list on exchanges in the United States in their initial public offerings.